

WHAT IS A STOP ORDER?

A Stop Order is a legal demand to cease all employee labor at jobsites due to violation(s) of state law. This type of order is issued by government agencies when there are safety concerns or unlawful actions in progress. Effective January 1, 2011, the Contractors State License Board (CSLB) was given legal authority under state Business and Professions (B&P) Code section 7127 to issue Stop Orders where there is no workers' compensation insurance coverage for employees.

Enforcing this law is for the protection of law-abiding contractors, construction employees, and property owners who have hired a company or individual to provide new construction or home improvement services. Workers' compensation insurance, or acceptable self-insurance, is a business requirement of B&P Code §7125 and Labor Code §3700. Without a valid workers' compensation insurance policy, the financial liability associated with worksite injuries could become the responsibility of the injured worker or the property owner.

When CSLB issues a Stop Order, the contractor must immediately stop using employee labor on all of his/her projects until an appropriate workers' compensation insurance policy has been secured and the contractor provides written proof of the policy to CSLB. Failure of a contractor to comply with the Stop Order is a misdemeanor criminal offense, punishable by up to 60 days in county jail or by a fine of up to \$10,000, or both.

the conclusion of the hearing, the Stop Order will either be affirmed or dismissed and, within 24 hours, CSLB will issue and serve by registered or certified mail a Written Notice of Findings and details.

○ EMPLOYEES

You are an employee working for a contractor who has been issued a Stop Order for failure to carry a valid workers' compensation insurance policy. This contractor must immediately stop using employee labor until workers' compensation insurance is secured, proof of that insurance is presented to and verified by CSLB, and CSLB lifts the Stop Order. It is a misdemeanor criminal offense if the contractor does not comply with the Stop Order. As an employee, you have the right to be paid for your lost work time, up to 10 days. See the California Department of Industrial Relations' Division of Labor Standards Enforcement website for details about employee rights at www.dir.ca.gov/dlse.



Download a Quick Response (QR) code reader to your smart phone through your mobile application store to view CSLB Mobile.



CONTRACTORS STATE LICENSE BOARD

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DEPARTMENT OF CONSUMER AFFAIRS

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A GUIDE FOR CONSUMERS AND CONTRACTORS

What is a Stop Order?



CONTRACTORS STATE
LICENSE BOARD

Department of Consumer Affairs



HOMEOWNER

○ Unlicensed Operator

State law requires that any contractor performing work valued at \$500 or more (combined labor and materials) be licensed for the type of construction work or trade skills they will be performing. You have put yourself in jeopardy by hiring and allowing a person on your property who is unlicensed and is using employee labor that is not covered by a workers' compensation insurance policy, a direct violation of state law. Should there be an injury on your jobsite, you could be responsible for any financial liability. Through a Stop Order issued by CSLB, your contractor was ordered to cease all work on your property. No employee labor will be allowed by this unlicensed, uninsured operator at any location until all appropriate workers' compensation insurance has been secured, and CSLB has lifted the Stop Order.

○ Licensed Contractor

Your licensed contractor has failed to secure workers' compensation insurance for employees and has been issued a Stop Order (pursuant to B&P Code §7127); therefore, he or she will not be able to use employee labor on any project until appropriate workers' compensation insurance is secured, proof of the policy is received and verified by CSLB, and the Stop Order has been lifted. When CSLB lifts a Stop Order, the contractor is notified and work with employee labor can resume.

CONTRACTOR

○ Unlicensed Operator

You were found to be unlicensed for the trade work you are performing, and that work exceeds \$500 in labor and materials. You have violated state law (B&P Code §7028) and must become a licensed contractor before resuming any work. Contracting without a license is a misdemeanor criminal offense punishable by a fine of up to \$5,000, up to six (6) months in county jail, or both. Second and subsequent convictions for contracting without a license carry steeper fines and mandatory jail time of up to one (1) year.

You were also found to be employing individuals and did not have workers' compensation insurance; thus, you have violated B&P Code §7125.2(d) and Labor Code §3700. You must correct these state law violations before you can use any employee labor on this or any other jobsite.

CSLB provides unlicensed operators with instructions on how to resolve their contracting violations, which include:

- Obtaining a valid state contractor license in the appropriate classification for the work to be performed; or
- Performing the work as a bona fide employee of a licensed, insured contractor who has a formal contract with the property owner.

○ Licensed Contractor

You are a contractor who holds a state license but you do not have a valid workers' compensation insurance policy. You cannot provide any employee labor for this or any other jobsite until you have secured the appropriate workers' compensation



insurance policy for the work that your employees perform, provide proof of that policy to CSLB, verify that CSLB has the information, and confirm that the Stop Order has been lifted.

How to Remove a Stop Order

The contractor of record must provide proof of a valid workers' compensation insurance policy to CSLB. Once that policy has been received, the contractor needs to contact the CSLB Stop Order Coordinator (listed on the Stop Order form), who will verify that the insurance policy is in effect, and will then lift the Stop Order and notify the contractor that employee labor can resume.

Appeal Process

An employer who has received a Stop Order from CSLB may protest the action by filing a written request for a hearing within 20 days of the order. The hearing is held within five (5) days from the date of filing the request, and the employer will be notified of the time and place of the hearing by mail. At